

STATE OF NORTH CAROLINA

FILED

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

WAKE COUNTY

2013 MAY 23 PM 1:58

NO.

WAKE CO., C.S.C.

STATE OF NORTH CAROLINA, ex rel.)

ROY COOPER, Attorney General,)

Plaintiff,)

vs.)

COMPLAINT

EAST COAST TRAVEL, INC., ERIN E.)

BUCKLEY, BETH E. COCHRAN,)

MILLENNIUM TRAVEL AND PROMOTIONS,)

INC., KAREN E. ARMAND, TONY J. ARMAND)

HENRY J. ARMAND, ADRIAN D. MILLER,)

A-2-Z VACATIONS, LLC, SMART TRAVEL &)

INCENTIVES, INC., and JULIE A. JOHNSON)

Defendants.)

INTRODUCTION

1. This action is brought by the State of North Carolina by and through Roy Cooper, Attorney General, to prohibit defendants from engaging in unfair and deceptive business practices, pursuant to N.C.G.S. § 75-1.1, in the sales, marketing, and operation of a vacation club in North Carolina. The State further requests restitution, civil penalties, and attorneys fees pursuant to N.C.G.S. §§ 75-15.1 and 75-15.2, and 75-16.1.

PARTIES

2. Plaintiff is the State of North Carolina, acting on the relation of Roy Cooper, Attorney General, pursuant to authority granted in Chapters 75 and 114 of the General Statutes of North Carolina.

3. Defendant East Coast Travel, Inc. ("ECT") is a North Carolina corporation. Upon

information and belief, defendant ECT contracted with defendant A-2-Z Vacations, LLC to solicit North Carolina consumers to attend sales presentations where defendant ECT marketed and sold the consumers vacation club memberships in defendant A-2-Z Vacations, LLC.

4. Defendant Erin E. Buckley, is a resident of South Carolina and incorporated defendant ECT. Upon information and belief, defendant Buckley managed and controlled the operations of ECT while, on behalf of defendant A-2-Z Vacations, LLC, it solicited North Carolina consumers to attend sales presentations and conducted sales presentations offering vacation club memberships in defendant A-2-Z Vacations, LLC.

5. Defendant Beth E. Cochran at times relevant to this complaint resided in North Carolina. Upon information and belief, defendant Cochran worked for ECT and assisted in the sales presentations for vacation club memberships in A-2-Z Vacations, LLC at the North Carolina locations.

6. Defendant Millennium Travel and Promotions, Inc. ("Millennium") is a Florida corporation that provided travel certificates as premiums to consumers who attended sales presentations for defendant A-2-Z Vacations, LLC.

7. Defendant Karen E. Armand, a resident of Florida, is a manager of defendant Millennium. Upon information and belief, defendant Karen E. Armand, along with defendants Tony J. Armand and Henry J. Armand, managed and controlled the operations of defendant Millennium in connection with the offering of travel certificates as premiums to consumers who attended sales presentations in North Carolina for defendant A-2-Z Vacations, LLC.

8. Defendant Tony J. Armand, a resident of Florida, is a manager of defendant Millennium. Upon information and belief, defendant Tony J. Armand, along with defendants Karen E. Armand and Henry J. Armand, managed and controlled the operations of defendant

Millennium in connection with the offering of travel certificates as premiums to consumers who attended sales presentations in North Carolina for defendant A-2-Z Vacations, LLC. Upon information and belief, defendant Tony J. Armand, along with defendant Adrian D. Miller, also managed and controlled the operations of defendant A-2-Z Vacations, LLC in connection with the sale of vacation club memberships to consumers in North Carolina.

9. Defendant Henry J. Armand, a resident of Florida, is a manager of defendant Millennium. Upon information and belief, defendant Henry J. Armand, along with defendants Karen E. Armand and Tony J. Armand, managed and controlled the operations of defendant Millennium in connection with the offering of travel certificates as premiums to consumers who attended sales presentations in North Carolina for defendant A-2-Z Vacations, LLC.

10. Adrian D. Miller is a resident of Florida. Upon information and belief, defendant Miller, along with defendant Tony J. Armand, managed and controlled the operations of defendant A-2-Z Vacations, LLC in connection with the sale of vacation club memberships to consumers in North Carolina.

11. Defendant A-2-Z Vacations, LLC ("A-2-Z") is a Wyoming corporation that, upon information and belief, engaged defendant ECT to market and sell vacation club memberships in defendant A-2-Z to North Carolina consumers.

12. Smart Travel & Incentives, Inc. ("Smart Travel") is a Florida corporation that, upon information and belief, provided travel certificates as premiums to North Carolina consumers who attended sales presentations for defendant A-2-Z.

13. Defendant Julie A. Johnson is a resident of Florida and is president of defendant Smart Travel. Upon information and belief, defendant Johnson managed and controlled the operations of defendant Smart Travel in connection with the offering of travel certificates as

premiums to consumers who attended sales presentations in North Carolina for defendant A-2-Z.

FACTUAL ALLEGATIONS

14. Since at least June 2012, consumers in North Carolina began receiving mailings through the United States Postal Service that provided on the front in bold print "FINAL NOTICE" and "Verification of Reservation Information Required." The mailer appeared to have been sent from Tampa, Florida, and also informed the recipient that "obstruction of U.S. Mail is punishable by fines up to \$5,000 or 5 years in prison or both." Upon information and belief, no previous mailer had been sent to the consumer so the statement that it was the "final notice" was deceptive and misleading. Likewise, the consumer had no previous reservation to verify.

15. The inside of the mailer informed consumers that they had "been selected to receive* an 8 Day/7 Night Cruise for 2 with an outside cabin, leaving from any major port in the U.S." The mailing further promised, "You have been selected to receive* 2 round trip airfares leaving from or going to any major airport in the continental U.S."

16. The asterisks in the text of the mailer referred the consumers to the back of a flap in the mailer where it provided in print much smaller than the offer:

You will be given a certificate valid for two aboard Carnival® Cruise Lines for eight days. (Airfare not included with cruise) Accommodations are an outside cabin. Certain travel dates apply. Travel over major holidays is not permitted. This offer is being used in conjunction with a vacation program. Some restrictions apply. Recipient is responsible for any government taxes, custom fees, and agency fees associated with the cruise and/or bonus airfare. Approx. retail value is \$1200. There is no obligation to purchase or join anything.

This promotion is not sponsored by or affiliated with Carnival® Cruise Lines or any other third party business referenced in this promotion but they are major suppliers."

17. The front of the flap offered a "BONUS OFFER" of "\$1,000 SAVINGS CERTIFICATE - GUARANTEED SAVINGS!!!" In smaller bold print, the flap further read

“\$500 IN GUARANTEED GROCERY SAVINGS! CHOOSE FROM OVER 139,000 GROCERY STORES! \$500 IN GUARANTEED DINING SAVINGS! CHOOSE FROM THOUSANDS OF RESTAURANTS NATIONWIDE!” if the consumer calls within forty-eight hours of receiving the solicitation. A true and accurate copy of the solicitation and the flap are attached to this Complaint as Exhibits 1 and 2 respectively and are incorporated by reference.

18. Upon information and belief, defendant ECT either directly or through an agent, sent these solicitations to entice North Carolina consumers to attend a sales presentation for a vacation club membership in defendant A-2-Z.

19. Starting in or around December 2012, consumers also started receiving letters, purporting to be from US Airways and signed by Dana Kline, identified as vice-president of US Airways. The letter notified consumers that they had “qualified for an award of 2 roundtrip airline tickets.” The letter also stated that this was their “last attempt” to contact the consumer and if they did not get a reply from the consumer soon, they “may need to issue the ticket vouchers to the alternate.” Upon information and belief, the solicitation was not sent by US Airways. Additionally, the consumers who received the letter did not win a contest because there was no contest, and the airline tickets were not “free.” A true and accurate copy of this solicitation is attached to this Complaint as Exhibit 3 and is incorporated by reference. Upon information and belief, defendant ECT, either directly or through an agent, mailed these solicitations to entice North Carolina consumers to attend a sales presentation concerning a vacation club membership in defendant A-2-Z.

20. Some consumers received unsolicited telephone calls from defendant ECT or its agent informing them that they would receive prizes if they attended a travel presentation.

21. After consumers received the solicitations notifying them that they had been

“selected to receive” the cruise and the airline tickets or the airline tickets from US Airways, they generally called a toll-free number to get further information. While the solicitations noted in small print that “some restrictions apply,” upon calling, the consumers found out that to receive the prizes, (a) they had to bring either their spouses or partners, (b) state that they made above \$50,000 per year, and (c) bring a valid driver’s license for both people showing the same address as well as a valid credit card. Debit cards were not accepted in place of the credit cards. Upon information and belief, these “qualifications” were required to be sure the consumers would have sufficient ability to secure credit to purchase a vacation club membership.

22. After making the reservation to attend the sales presentation, consumers sometimes received additional information from defendant ECT indicating again that they had been selected to receive some additional gifts and giving directions to the location where the sales presentation would be held. A true and accurate copy of the information sent is attached to this Complaint as Exhibit 4 and is incorporated by reference.

23. These sales presentations were held at various hotels in the Durham and Chapel Hill areas or at an office in a shopping center at 2121 East Williams Street in Apex, North Carolina.

24. Upon arrival at the sales presentation, consumers had to show their licenses and credit cards. If they did not have the proper identification or make the required minimum amount of money per year, they were not allowed to stay or to receive the prizes they were told they had won. Defendant ECT told the consumers that they would have to stay for a ninety-minute sales presentation, but many consumers did not feel that they were allowed to leave at the end of the ninety-minute period and stayed much longer.

25. While consumers thought they were dealing with defendant ECT, the sales

representatives at the presentation spoke only of defendant A-2-Z with no mention again of defendant ECT.

26. During the sales presentation, defendant Cochran and other agents of defendant ECT made numerous misrepresentations to consumers about defendant A-2-Z and its product, including the following:

- (a) A-2-Z was a Wyoming-based corporation that had been in the travel business for twenty-two years, had a staff of 150 agents manning phones for personal trip planning and arrangements, and had more than 130,000 members;
- (b) A-2-Z was a private wholesale membership club like Sam's Club, and it bought in bulk, cut out the middle-person, and passed the savings along to the customers;
- (c) A-2-Z was affiliated with credentialing bodies like the American Resort Development Association (ARDA), Cruise Lines International Association, Inc. (CILA), and the American Society of Travel Agents (ASTA);
- (d) ASTA had reviewed and approved the defendant ECT's sales presentation;
- (e) A-2-Z partnered with travel providers such as Marriott, Hilton, Carnival Cruises, Southwest Airlines, Sandals, Hyatt, Wyndham Hotels & Resorts, Delta, Ramada, Royal Caribbean, and Holiday Inn;
- (f) A-2-Z could save its members from paying retail price for travel and offered unlimited timeshare weeks and access to low cost comprehensive travel services at about 25% less than the retail market; and
- (g) A-2-Z's members could have up to eight condo weeks per year with no maintenance fees, no exchange fees, and an average cost of \$599 per week.

27. The statements made during the sales presentation were not true. Defendant A-2-Z was incorporated in Wyoming in July 2012 so it could not have been in business under that name for twenty-two years nor, upon information and belief, could it have signed up 130,000 members under that name in such a short period of time. Consumers who purchased the memberships have had difficulty in contacting defendant A-2-Z, undermining the assertion that it has 150 employees standing by to assist members. Additionally, defendant A-2-Z is not a member of ARDA, CILA or ASTA nor did it have any partnership agreements with the airlines, hotels, and other travel providers it listed during its sales presentation. Upon information and belief, defendant A-2-Z also has no arrangements to buy travel accommodations in bulk nor can it provide the promised discounted prices for its members.

28. The sales presentation was made to five to six couples at a time, and after the presenter finished with the group presentation, each couple was assigned to a separate sales agent. The high pressure sales tactics began during the one-on-one time. For instance, if the consumer did not immediately decide to purchase, the sales agents would drop the price of the vacation club membership. To further create a sense of urgency, the agents told the consumers that the discounts were good only if the consumers purchased that night. If consumers continued to be resistant, the sales agents, including defendant Cochran, would continue to reduce the price.

29. In one instance, the sales agent told two consumers that defendant A-2-Z had just received a vacation club membership back into inventory so that they could purchase it for a much cheaper price. Upon information and belief, defendant A-2-Z had no limits on the number of vacation club memberships it would sell, so it had no reason to "receive one back into inventory."

30. Consumers who joined defendant A-2-Z and tried to take advantage of the

discounts the membership purported to offer found that they could get better rates on their own through Internet travel sites than by going through defendant A-2-Z.

31. Defendant ECT's sales representatives told two consumers that defendant A-2-Z could beat the lowest price for travel and guarantee that the consumers would receive 10% off that lowest price. The consumers priced a trip through defendant A-2-Z and found that they could get it cheaper through another agency. They contacted defendant A-2-Z, and the agent told them that they had to pay for the reservations and then send documentation of the lower price but they would not receive 10% off the lowest price as promised, making their membership virtually meaningless.

32. Defendant A-2-Z represented itself to consumers as a vacation club that bought in bulk and could pass discounts along to its members. In effect, defendant A-2-Z attempts to advertise itself as a discount buying club as that term is defined under N.C.G.S. § 66-131 because "in exchange for any valuable consideration, [it] offers to sell or arrange the sale of goods or services to its customers at prices represented to be lower than are generally available." However, defendant A-2-Z did not comply with the requirements of the North Carolina statutes governing discount buying clubs found in N.C.G.S. §§ 66-131 through 66-137 nor did it assist consumers in securing the discount travel it advertised.

33. Pursuant to N.C.G.S. §§ 66-133, defendant A-2-Z is required to offer a three-day right of cancellation. While Defendant ECT's sales agents, including defendant Cochran, told consumers that they would be able to cancel their contracts within three days of purchase if they were not pleased with the product, the contract improperly required a cancellation fee even if the consumer cancelled within the three-day period. Additionally, defendant ECT's sales agents, including defendant Cochran, did not verbally tell consumers that their contracts contained a

provision requiring them to pay a \$399 non-refundable Membership Processing Fee and 15% of the cost of the membership in order to cancel. Because defendant ECT's sales agents asked consumers to sign the contractual forms very quickly, many did not have time to read the cancellation requirements.

34. Under N.C.G.S. §§ 66-132 (a)(1), a discount buying club's contract must "state the duration of the contract in a definite period of years or months." Defendant A-2-Z's contract did not provide a term.

35. A discount buying club is also required by N.C.G.S. § 66-135 to have a bond or a trust account and, under N.C.G.S. § 66-132(a)(2), to disclose that fact in its contract. Defendant A-2-Z did not disclose in its contract that it had a bond or trust account, and upon information and belief, it did not have a bond or trust account.

36. Pursuant to N.C.G.S. § 66-134(1), a discount buying club is prohibited from engaging in high-pressure sales by representing to consumers that the price is for a limited time only or that the price will go up if the consumer delays joining. As noted above, defendant ECT and its agents, including defendant Cochran, routinely told consumers that the prices for the A-2-Z vacation package were only good that day, pressuring consumers to purchase at the sales presentation or lose the opportunity to purchase at a reduced price.

37. During its sales presentation, defendant ECT's agents compared defendant A-2-Z's prices for travel with other companies, attempting to demonstrate that defendant A-2-Z could provide cheaper travel than other companies. However, pursuant to N.C.G.S. § 66-134(3), defendants are prohibited from making these comparisons "unless the comparison prices are prices at which substantial sales of the same goods or services were made in the same area within the past 90 days, and unless a written copy of the comparison is given to the buyer to keep."

Defendants failed to comply with this requirement.

38. The mailings consumers received inviting them to the sales presentation stated directly or implied that the consumers had been entered into a contest. The solicitations used such language as “congratulations” and “you have been selected to receive.” However, consumers had not entered a contest and had not been “specially selected” because defendants were not operating a contest. Instead, all consumers, whom defendant ECT deemed financially qualified to purchase and who sat through the sales presentation, received a packet with information on how to redeem their trips. A true and accurate copy of the packet is attached to this Complaint as Exhibit 5 and is incorporated by reference.

39. Consumers typically agreed to attend the sales presentation so that they could claim their free prizes from the contest. Pursuant to N.C.G.S. §§ 75-32, 33, and 34, defendants are prohibited from soliciting consumers to attend sales presentations using language similar to the language defendant ECT used in its mailings indicating consumers won a prize, were eligible to win a prize, or were specially selected to attend the presentation unless certain standards are met. Defendant ECT did not comply with the requirements of N.C.G.S. §§ 75-32, 33, and 34 in its solicitations because (a) consumers had not entered into a contest; (b) defendant ECT did not provide the actual retail value of the purported prize, the number of each prize awarded, or the odds of winning a prize; and (c) no more than ten percent of those considered were selected to “win” or receive the gift. Additionally, under N.C.G.S. § 75-32, the prize must be given without obligation and delivered to the consumer at no expense. However, the consumers had to pay a deposit and also had to pay certain fees and taxes to use the vacation certificates they received for attending the sales presentation.

40. Defendant Millennium was the travel provider identified in the vacation certificate

most consumers received after sitting through the sales presentation. Upon information and belief, however, defendant Smart Travel provided a similar vacation certificate. The “free” trips were neither free nor easy to redeem.

41. Both, the cruise and the airline tickets, required the consumer to send a “refundable” deposit, but the “Terms of Participation” did not explain how to receive a refund except to say that the consumer had only thirty days from the receipt of the certificate to cancel the contract without penalty or obligation. However, the consumer would not know for thirty days if they could book the cruise or the airline tickets because they had to send in the forms requesting the trips at least sixty days ahead for the airline tickets and ninety days ahead for the cruise.

42. The “free” trips contained so many blackout dates that consumers were left with few choices of dates to travel. For instance, the voucher for the cruise eliminated all major holidays and seven days before and after the holidays and then stated in a separate provision, “This is a promotional offer based on low season rates, travel requested during the months of January through August, if available, will require an additional surcharge.”

43. The consumers had to give three different dates for the airline tickets with at least forty-five days between the choices. Then the consumer had to select two different destinations and three preferred travel dates with a minimum four-night stay. Even with all of those requirements, the travel certificate provides in the “fine print” that defendant Millennium “reserves the right to change the Terms of Participation without notice.”

44. Consumers who attended the sales presentation solely to receive the “free” prizes were deceived because the gifts were not as represented and were essentially illusory since the vacation certificates were almost impossible to redeem.

45. Consumers have tried to contact defendant A-2-Z to use the services of the club but have either been unable to reach the company or have found that the company cannot provide discounts beyond those readily available everyday on Internet travel sites. Consumers purchased defendant A-2-Z's vacation club membership based on misrepresentations, and the memberships had no value.

CLAIMS FOR RELIEF

A. Violations of N.C.G.S. § 66- 131 et seq.

46. Plaintiff realleges and incorporates herein the allegations in paragraphs 1 through 45.

47. Defendants are operating a discount buying club as defined in N.C.G.S. § 66-131.

48. Defendants' repeated and continuing violations of the Discount Buying Clubs Act include:

- (a) Failure to maintain a trust account and bond in compliance with N.C.G.S. § 66-135;
- (b) Failure to include a three-day right of cancellation without restrictions, including cancellation fees, in violation of N.C.G.S. § 66-133;
- (c) Telling or implying to consumers that the discounted price is available only on the day of the sales presentation in violation of N.C.G.S. § 66-134(1); and
- (d) Comparing the prices of travel services with other prices when the comparison prices are not prices at which substantial sales of the same travel services were made in the same area within the past ninety days and failing to give a written copy of the comparison to the consumer.

49. Based on the violations of the Discount Buying Clubs Act and the

misrepresentations alleged in paragraph 48, consumers purchased vacation club memberships which they would not have purchased if they had known the truth.

50. Violations of the Discount Buying Clubs Act constitute unfair and deceptive trade practices in violation of N.C.G.S. § 75-1.1.

51. Defendants' deceptive business practices in violation of the Discount Buying Clubs Act are in or affecting commerce in North Carolina.

52. All fees obtained by defendants from consumers who purchased vacation club memberships were obtained as a direct result of the defendants' deceptive practices.

53. Pursuant to N.C.G.S. § 75-14, the Attorney General has the right to seek injunctive relief to restrain defendants' violations of N.C.G.S. § 75-1.1.

54. Pursuant to N.C.G.S. § 75-15.1, the Attorney General has the right to seek and obtain cancellation of all contracts and the restoration of all moneys obtained by the defendants as a result of the defendants' violations of N.C.G.S. § 75-1.1.

B. Violations of N.C.G.S. §§ 75-32, 33, and 34.

55. Plaintiff realleges and incorporates herein the allegations in paragraphs 1 through 54.

56. Defendants' telemarketing calls and written solicitations that inform consumers they have won a free trip or have been selected to receive a trip and which are made to induce consumers to come for a sales presentation to purchase defendants' vacation club memberships are being made in violation of N.C.G.S. §§ 75-32, 33, and 34 by:

- (a) Informing consumers that they won a free trip when the recipients were not selected in a method in which no more than ten percent of the names considered were selected as winners of any prize (§ 75-32);

- (b) Informing consumers they won a free trip when, to receive the trip, the consumers were required to listen to a sales presentation for defendants' travel club packages (§ 75-32);
- (c) Informing consumers they have won a free trip when consumers must pay certain costs to schedule the trip (§ 75-32);
- (d) Using the term "congratulations" or similar words which have a tendency to lead a reasonable person to believe he or she has won something of value (§ 75-32);
- (e) Representing consumers have won a prize while failing to clearly and prominently disclose (i) "the actual retail value of the prize (the price at which substantial sales of the item were made in the area within the last 90 days, or if no substantial sales were made the actual cost of the item or prize to the person on whose behalf the contest or promotion is being conducted), (ii) the actual number of the prizes being awarded, and (iii) the odds of receiving the prize (§ 75-33);
- (f) Failing to use a selection process (i) that is designed to reach a particular type of person, (ii) that uses a source other than purchased mailing and telephone lists or public directories, and (iii) where no more than ten percent of those considered are selected (§ 75-34); and
- (g) Using terms that have a tendency to lead a reasonable person to believe he or she has been specially selected (§ 75-32).

57. Defendants' deceptive business practices in violation of N.C.G.S. §§ 75-32, 33, and 34 are in or affecting commerce in North Carolina.

58. Defendants' continuing and systematic violations of N.C.G.S. §§ 75-32, 33, and 34 through their telephone calls and mass mailings soliciting consumers to come to their sales presentation by telling or implying to consumers that they have won a prize constitute unfair and deceptive trade practices in violation of N.C.G.S. § 75-1.1.

59. Pursuant to N.C.G.S. § 75-14, the Attorney General has the right to seek injunctive relief to restrain defendants' violations of N.C.G.S. § 75-1.1.

60. Pursuant to N.C.G.S. § 75-15.1, the Attorney General has the right to seek and obtain cancellation of all contracts and the restoration of all moneys obtained by the defendants as a result of the defendants' violations of N.C.G.S. § 75-1.1.

C. Violations of N.C.G.S. § 75-1.1.

61. Plaintiff realleges and incorporates herein the allegations in paragraphs 1 through 60.

62. Defendants have engaged in a pattern of unfair and deceptive trade practices in violation of N.C.G.S. § 75-1.1 through the following actions:

- (a) Failing to disclose to consumers that the "free trip" they have "won" or that they are going to receive is not free because they have to pay certain fees to make the reservation;
- (b) Failing to tell consumers that the "free trip" has so many onerous requirements for making reservations, including long blackout dates and requiring an initial listing of multiple travel dates and locations to request the vacation, that it is practically impossible to book the trip;
- (c) Misrepresenting the name of the entity offering the "free gift" or the product being sold;

- (d) Telling consumers that they may receive a full refund if they are unsatisfied with the vacation club membership when defendants charge a cancellation fee and do not return to consumers all of the money paid on the contracts;
- (e) Telling consumers that they must purchase the vacation club membership that day to get certain benefits when defendants sell the same packages every day; and
- (f) Telling consumers that they will save money on vacations by purchasing the vacation package when that is not the case.

63. Defendants' deceptive business practices in violation of § 75-1.1 are in or affecting commerce in North Carolina.

64. The practices alleged in paragraph 62 constitute a pattern of unfair and deceptive trade practices in violation of N.C.G.S. § 75-1.1.

65. All fees obtained by defendants from consumers were obtained as a direct result of the defendants' deceptive practices.

66. Pursuant to N.C.G.S. § 75-14, the Attorney General has the right to seek injunctive relief to restrain defendants' violations of N.C.G.S. § 75-1.1.

67. Pursuant to N.C.G.S. § 75-15.1, the Attorney General has the right to seek and obtain cancellation of all contracts and the restoration of all moneys obtained by the defendants as a result of the defendants' violations of N.C.G.S. § 75-1.1.

PRAYER FOR RELIEF

WHEREFORE, the plaintiff prays the Court for the following relief:

1. That the Court issue a permanent injunction restraining defendants, their agents,

employees, and persons acting in concert with them from engaging in the marketing and sale of vacation packages by:

- (a) Enticing consumers to attend sales presentations by using solicitations claiming or implying that consumers have won a prize or are eligible to win a prize unless defendants are in full compliance with the requirements of N.C.G.S. §§ 75-32, 33, and 34;
- (b) Offering premiums or gifts, represented to be free, that require consumers to pay any type of fee to redeem, including a fee denominated as refundable;
- (c) Offering travel vouchers that place restrictions on the use of the voucher, including but not limited to requiring consumers to initially request multiple travel times and locations to redeem the voucher, making it difficult to redeem;
- (d) Using high pressure sales tactics, including but not limited to, telling consumers that the offer is only good for that day;
- (e) Misrepresenting the longevity and size of the corporate entity offering the vacation package;
- (f) Misrepresenting the name of the entity offering the marketing incentives or the vacation package itself;
- (g) Misrepresenting the nature of the product and the savings associated with the purchase of the product; and
- (h) Failing to respond in good faith to consumer inquiries and complaints.

2. That, pursuant to N.C.G.S. § 75-15.1, the Court declare all contracts entered into

by defendants in violation of the law to be void and order defendants to refund all moneys to consumers who purchased the vacation packages based on misrepresentations and who tried and were unable to redeem the "free" cruise and airline tickets;


3. That costs and reasonable attorney's fees be awarded the Attorney General pursuant to N.C.G.S. § 75-16.1;

4. That, pursuant to N.C.G.S. § 75-15.2, civil penalties be awarded for each and every knowing violation of a statute; and

5. For such other relief as may be just and proper.

Respectfully submitted this the 23rd day of May, 2013.

ROY COOPER
Attorney General



Harriet F. Worley
Special Deputy Attorney General
North Carolina Department of Justice
Consumer Protection Division
P.O. Box 629
Raleigh, North Carolina 27602
State Bar No. 16901
Telephone: (919) 716-6000

Exhibit 1

FINAL NOTICE

Verification of Reservation Information Required

POSTMASTER:

If undeliverable as addressed
please do not forward

ATTENTION RECIPIENT:

Deliver Directly to addressee.
Obstruction of U.S. Mail is
punishable by fines up to \$5,000
or 5 years in prison or both.

PRESORTED
STANDARD
U.S. POSTAGE
PAID
TAMPA, FL
PERMIT #78

N45178-0003573

Chapel Hill, NC 27516-8366



Congratulations



**Congratulations, you have been selected to receive* an
8 Day/7 Night Cruise for 2 with an outside cabin, leaving from
any major port in the U.S.**

**You have been selected to receive* 2 round trip airfares leaving
from or going to any major airport in the continental U.S.**

TO FIND OUT HOW TO CLAIM THIS SPECIAL OFFER, SIMPLY CALL

1-877-547-7302

**Monday-Friday 9:00am-10:00pm, Saturday 9:00am-6:00pm EST
Sunday 9:00am-3:00pm EST**

OFFER#: 17NC0814K

Exhibit 2

CALL WITHIN 48 HRS FOR THIS BONUS OFFER



\$1,000 SAVINGS CERTIFICATE - GUARANTEED SAVINGS!!!

\$500 IN GUARANTEED GROCERY SAVINGS! CHOOSE FROM OVER 139,000 GROCERY STORES!
\$500 IN GUARANTEED DINING SAVINGS! CHOOSE FROM THOUSANDS OF RESTAURANTS NATIONWIDE!



Publix

Walmart
Save money. Live better.

meijer
Higher Standards. Lower Prices.

Wegmans
helping you make great meals easy

CVS/pharmacy

TARGET



Walgreens

*You will be given a certificate valid for two aboard Carnival® Cruise Lines for eight days. (Airfare not included with cruise) Accommodations are an outside cabin. Certain travel dates apply. Travel over major holidays is not permitted. This offer is being used in conjunction with a vacation program. Some restrictions apply. Recipient is responsible for any government taxes, custom fees and agency fees associated with the cruise and/or bonus airfare. Approx. retail value is \$1200. There is no obligation to purchase or join anything.

This promotion is not sponsored by or affiliated with Carnival® Cruise Lines or any other third party business referenced in this promotion but they are major suppliers.

Exhibit 3

US Airways

December 12th, 2012

Holly Springs, NC 27540-8545

NOTE: You must respond no later than January 1st, 2013

Dear

I am pleased to inform you that you have qualified for an award of 2 roundtrip airline tickets. Congratulations. These tickets are valid for travel anywhere in the Continental U.S. from any major international airport. The retail value of this award is up to \$1,398.00. Certain restrictions apply.

We have attempted contacting you several times without success. This is our last attempt. If we do not hear from you soon, we may need to issue the ticket vouchers to the alternate.

Please call me today at 1-855-879-8217.

Regards,



Dana Kline

Vice President

2NC1212E

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Inbox (102)

APPOINTMENT CONFIRMATION

Back to messages |

Confirmation Add to c...
To @hotmail.com

Photos | 8/02/12

Reply ☐

Attachments, pictures and links in this message have been blocked for your safety.
Show content | Always show content from confirmation@vacationtoursusa.com

VTU

Toll Free 1-877-313-3326

INVITATION**CONFIRMATION No. NC3000**

Appointment Time: 2:00 PM Day: SAT. Date:
8/4/12

Dear Mr. & Mrs.

**Congratulations! You have been
selected to receive:**

- **An 8-day/7-night cruise for 2 with
an outside cabin leaving from
any major port in the U.S.**
- **2 round-trip airline tickets leaving
from or going to any major
airport in the continental U.S.**

This is your invitation to the Open House Presentation. While visiting the showroom, you will learn inside information from the travel industry on how to save while traveling. During the entertaining and informative 90 minute presentation you will be amazed at the savings you can receive on your travel needs. **This is not a timeshare or rea.**

WeightWatchers®
Online

**REACH YOUR
WEIGHT-LOSS
GOALS.
ENTIRELY
ONLINE.**

WeightWatchers®
OnlineAd feedback |
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Documents (1)

8/3/2012

estate offer. Current timeshare owners are encouraged to attend.

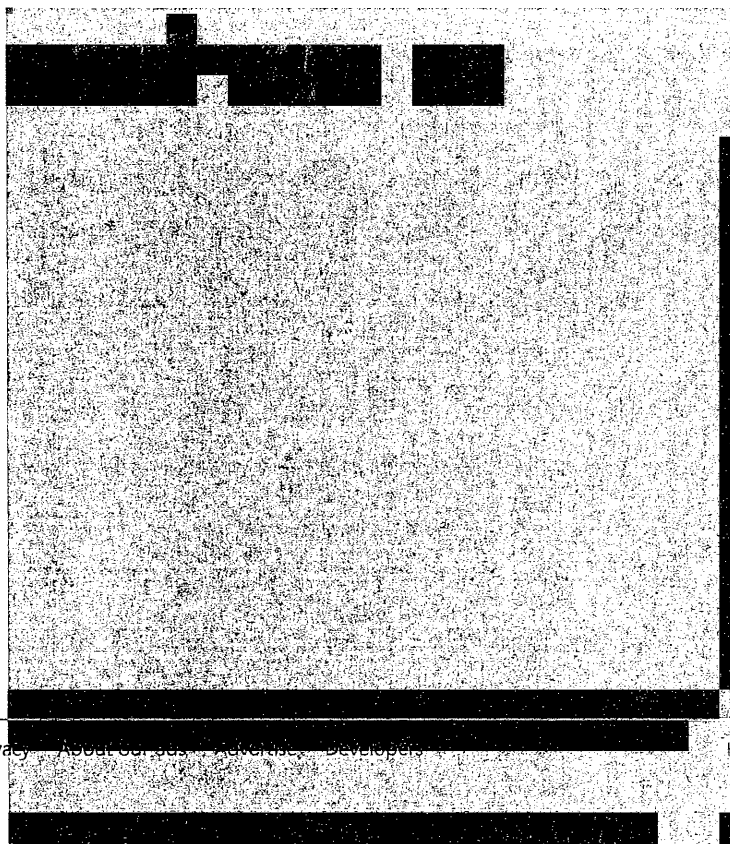
This is strictly a promotional offer. There is no obligation to purchase anything. This valuable promotional offer is by invitation only. Seating is extremely limited, so we ask that you do not bring children. We know you will enjoy the presentation.

Please arrive 15 minutes early for your scheduled presentation.

VTU's Customer Service number is 1-877-313-3326.

CERTAIN RESTRICTIONS APPLY

[Home](#)
[Contacts](#)
[Calendar](#)

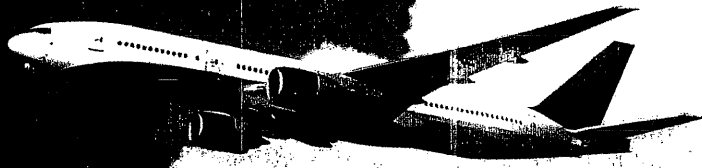


**East Coast Travel is located at 2121 E. Williams St., Suite 108,
Apex, NC 27539**

From Raleigh: Take I-40 W/US 64 W toward Cary/Durham

**From Raleigh: Take I-40 W/US-64 W toward Cary/Durnam.
Take the I-440 E/US-1/US-64 W exit, EXIT 293,
toward Raleigh/Cary/Wake Forest. Merge onto US-1
S via EXIT 293A toward Cary/Asheboro. Take the NC-55
E exit, EXIT 95, toward Holly Springs/Fuquay-Varina.
Turn left onto NC-55 E/E Williams St. Turn left onto E Williams
St/NC-55. 2121 E WILLIAMS ST is on the left.**

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Move to ▼ Categories ▼ |



Air & Sea



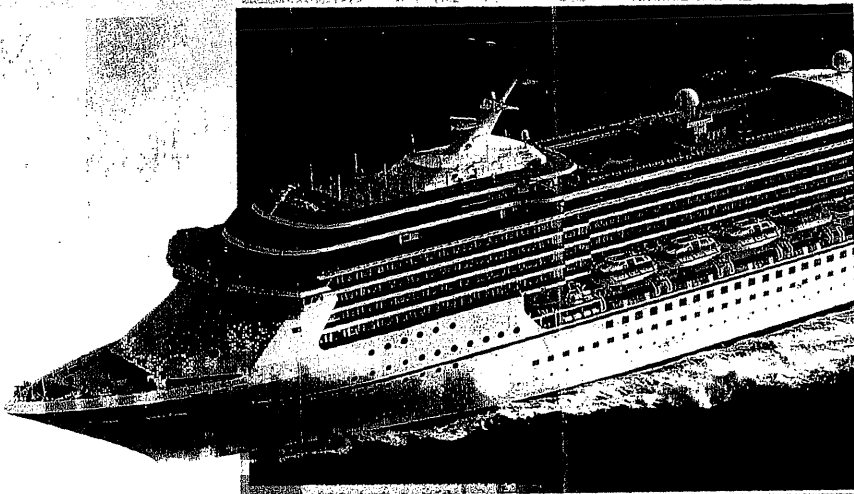
ROUND TRIP AIRLINE TICKETS • 8 DAY CRUISE

CRUISE FOR TWO

8 DAY CRUISE
FROM MOST MAJOR U.S. PORTS

East Coast Ports:
Baltimore, Maryland
Charleston, South Carolina
Fort Lauderdale, Florida
Jacksonville, Florida
Miami, Florida
New York City, New York
Cape Liberty, New Jersey
Norfolk, Virginia
Philadelphia, Pennsylvania
Port Canaveral, Florida

We are pleased to offer
an amazing and
entertaining 8 day cruise
vacation for two adults
(21 or older) on Carnival
Cruise, Royal Caribbean
Cruise, Norwegian
Cruise or MSC
Cruise Lines.



Gulf Coast Ports:
Galveston, Texas
Mobile, Alabama
New Orleans, Louisiana
Tampa, Florida

West Coast Ports:
Seattle, Washington
San Francisco, California
Los Angeles, California
San Diego, California

1655749

Package Code: 8DCI

TRAVEL REQUEST FORM (PLEASE PRINT CLEARLY)

Sponsor: ECT

Issue Date: 7/6/12

1655749

- ABOVE MUST BE FILLED OUT BY SPONSOR ONLY TO VALIDATE, COMPLETE THE FORM BELOW -

Package Code: 8DCI

Main Traveler's Name: _____ 1st Departure Port: _____

Companion's Name: _____ 2nd Departure Port: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Day Phone #: _____ Evening Phone #: _____

By signing this form, main traveler & companion represent that they have read, understand, and agree to be bound by the above Terms of Participation

Signature: _____ Date: _____

You may cancel this contract without any penalty or obligation within 30 days from the date of purchase or receipt of the vacation certificate, whichever occurs later. It may also be cancelled if accommodations or facilities are not available as requested. The traveler must notify Millennium Travel & Promotions of his/her intent to cancel by returning the vouchers and requesting cancellation in writing to Millennium Travel & Promotions, 424 Luna Bella Lane # 115, New Smyrna Beach, FL 32168, Millennium Travel & Promotions is a state of Florida registered Seller of Travel (Reg. No. ST-32513). No traveler should rely on representation other than those expressed in this document.

FLIGHT FOR TWO

ROUND TRIP AIRLINE TICKETS

Two round trip airfares
for 2 adults (21 or older)
on regularly scheduled
airline flights departing
from and to most major
airports in the 48
contiguous United States



1655750

Package Code: 2RA1

TRAVEL REQUEST FORM (PLEASE PRINT CLEARLY)

Sponsor: ECT

Issue Date: 7/6/12

1655750

Package Code: 2RA1

- ABOVE MUST BE FILLED OUT BY SPONSOR ONLY TO VALIDATE, COMPLETE THE FORM BELOW -

Main Traveler's Name: _____

Departure Airport: _____

Companion's Name: _____

1st Destination: _____

2nd Destination: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Day Phone #: _____ Evening Phone #: _____

By signing this form, main traveler & companion represent that they have read, understand, and agree to be bound by the above Terms of Participation

Signature: _____ Date: _____

You may cancel this contract without any penalty or obligation within 30 days from the date of purchase or receipt of the vacation certificate, whichever occurs later. It may also be cancelled if accommodations or facilities are not available as requested. The traveler must notify Millennium Travel & Promotions of his/her intent to cancel by returning the vouchers and requesting cancellation in writing to Millennium Travel & Promotions, 424 Luna Bella Lane # 115, New Smyrna Beach, FL 32168, Millennium Travel & Promotions is a state of Florida registered Seller of Travel (Reg. No. ST-32513). No traveler should rely on representation other than those expressed in this document.

TERMS OF PARTICIPATION

2 ROUND TRIP AIRFARES

A) Please complete the Travel Request Form inside and send it in an envelope by certified mail only to the address shown at the bottom of the form. Include a \$75 refundable deposit in the form of a postal money order, money order or cashier's check only. The envelope must be postmarked no more than 21 days after your sponsor's issue date listed below. Upon validation, MTAP will provide you with a Reservation Request Form.

B) You must choose three dates on your Reservation Request Form, allowing for at least 45 days between choices. Mail the request back to us at least 60 days before the earliest chosen date. You must select two destinations and three preferred travel dates with a minimum of a four night stay. You will receive your airline tickets from MTAP approximately 14 days prior to departure. We will try to provide you with first choice, but may have to give you an alternative option. Flight schedules are at MTAP's discretion. Departure times are around 3:00pm and 9:00pm and return around 6:00am and 1:00pm. Certificate is good for one year from the issuance date, and travel must be concluded before then. Remember: you must wait for the travel documents before departing.

C) You will not be eligible for a refund if you skip on a confirmed reservation. No refund will be made for failure to present proper documentation to board the aircraft. Once made, all reservations are final and non-refundable.

D) Blackout dates for all destinations may apply during holiday or peak season periods. Blackout dates are subject to change without notice and some restrictions may apply. This offer is not available on New Year's Day, President's Day, Easter, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving or Christmas, or a full seven days before and after any of these holidays.

E) This offer covers only base fare. Airlines are commercial or charter. You will be responsible for all other expenses, including without limitation: any taxes, fees, transportation, airport facility charge, fuel surcharges, surcharges and security fees. Applicable expenses apply to both purchased airfares. Both ticket itineraries must be identical and be used together. Specific airline, schedule or itinerary is not guaranteed.

F) MTAP reserves the right to change the Terms of Participation without notice. This offer is not valid for group travel. MTAP cannot guarantee that you can combine this certificate with your cruise certificate. Name changes are not permitted for any reason. No refunds will be provided for unused portions of this offer. Certificate has no cash redemption value and cannot be sold, transferred or exchanged.

G) All communication must be in writing and submitted through USPS mail. No faxes or emails will be accepted. Only if necessary may you call MTAP at (386) 763-5778 and only if you have mailed your Travel Request Form in.

H) THIS OFFER IS NOT VALID WHERE PROHIBITED BY LAW or for employees, distributors, sponsors, or their families. This offer is made subject to all applicable federal, state, and local laws and regulation. Any breach of these Terms of Participation invalidates the offer. This offer of travel has been extended and shall be accepted in the State of Florida. All legal proceedings hereunder shall be in the State Court of jurisdiction in Volusia County, Florida with this Agreement construed under the laws of the State of Florida.

I) You understand, acknowledge and agree that (i) MTAP's obligation to provide fulfillment of this offer arises solely pursuant to a separate contractual arrangement between MTAP and the sponsor that provided you with this offer; (ii) MTAP and sponsor are separate and distinct entities without affiliation, co-ownership or mutual right of control; (iii) sponsor's delivery of this offer to you in connection with sponsor's offer of its products/services to you is separate and distinct from MTAP's fulfillment of this offer and MTAP shall have no obligation or liability to you in connection therewith; (iv) MTAP is not a party to any arrangement existing between you and sponsor and MTAP shall have no obligation or liability to you in connection therewith; (v) this offer may be voided by MTAP if sponsor fails to comply with all of its obligations under such contractual agreement and, in such event, MTAP may decline to provide fulfillment of this offer upon notice to you and your sole recourse shall be to sponsor and MTAP shall have no responsibility or liability to you in connection therewith and (vi) MTAP shall not be liable to you for any actual or potential losses, including without limitation, compensatory or consequential damages, whether in contract or in tort, by either persons or property, arising out of this offer or otherwise connection therewith.

J) All airports, destinations and dates are subject to change and are at MTAP's discretion. Once a travel date is confirmed no changes are permitted.

K) United States travelers need proof of citizenship and photo I.D. Resident Aliens and aliens must contact the consulate to inquire about necessary travel documentation. This document embodies the complete understanding of the parties. No oral representations made to you by sponsor or any third party shall bind MTAP or otherwise amend or affect the terms hereof.

8 DAY CRUISE

A) Please complete the Travel Request Form inside and send it in an envelope by certified mail only, to the address shown at the bottom of the form. Include a \$50 refundable deposit per person in the form of a postal money order, money order or cashier's check only. The envelope must be postmarked no more than 21 days after your sponsor's issue date listed below. Upon validation, MTAP will then mail you a Reservation Request Form.

B) You must choose two dates on your Reservation Request Form, allowing for at least 45 days between choices. Mail the request back to us at least 90 days before the earliest chosen date. You will receive your cruise documents from MTAP approximately 14 days prior to departure. We will try to provide you with your first choice, but may have to give you an alternative option. Certificate is good for one year from the issuance date, and travel must be concluded before then. You must wait for the documents before departing.

C) You will not be eligible for a refund if you skip on a confirmed reservation. No refund will be made for failure to present proper documentation to board the cruise ship. Once made, all reservations are final and non-refundable.

D) Blackout dates for all destinations may apply during holiday or peak season periods. Blackout dates are subject to change without notice and some restrictions may apply. This offer is not available on New Year's Day, President's Day, Easter, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving or Christmas, or a full seven days before and after any of these holidays.

E) This offer covers only the cruise. Accommodations are for an entry-level outside (porthole window) cabin. You will be responsible for all other expenses, including without limitation: any taxes, fees, transportation, gratuities, surcharges and transportation to and from the port.

F) MTAP reserves the right to change the Terms of Participation without notice. This offer is not valid for group travel. MTAP cannot guarantee that you can combine this certificate with your airfare certificate. Name changes are not permitted for any reason. Certificate has no cash redemption value and cannot be sold, transferred or exchanged.

G) All communication must be in writing and submitted through USPS mail. No faxes or emails will be accepted. Only if necessary may you call MTAP at (386) 763-5778 and only if you have mailed your Travel Request Form in.

H) This offer is not valid where prohibited by law or for employees, distributors, sponsors, or their families. This offer is made subject to all applicable federal, state, and local laws and regulation. Any breach of these Terms of Participation invalidates the offer. This offer of travel has been extended and shall be accepted in the State of Florida. All legal proceedings hereunder shall be in the State Court of jurisdiction in Volusia County, Florida with this Agreement construed under the laws of the State of Florida.

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K) This is a promotional offer based on low season rates. Travel requested during the months January through August, if available, will require an additional surcharge. All departure ports, itineraries and dates are subject to change.

L) United States travelers need proof of citizenship and photo I.D. Resident Aliens and aliens must contact the consulate to inquire about necessary travel documentation. This document embodies the complete understanding of the parties. No oral representations made to you by sponsor or any third party shall bind MTAP or otherwise amend or affect the terms hereof.